

# WHO WE ARE



# 2018 ANNUAL REVIEW

# 2018 YEAR IN REVIEW

Our mission is to meet or exceed our member-owners' expectations by being an outstanding provider of energy services.



**21,372** services in four coastal Georgia counties

**19,835** consumers served in four coastal Georgia counties

**1,651** miles of power line

**120** + members took advantage of free home energy audits to save energy and money

**1,185** new services connected

**Members** contributed

**\$68,022**



to Operation Round Up, a program in which they allow their bill to be rounded up to the next dollar and donate the change. The accumulated money goes toward making our community a better place to live.

**More than**

**\$1.8 million**

in capital credits retired to members, for a total of more than

**\$6 million** in retirements to date



**ZERO**

lost-time accidents, continuing our excellent safety record—5 years of no lost-time accidents



Your Coastal Electric Cooperative Board of Directors are elected by and represent YOU, our members. They live and work in our community, and they're here to make decisions in the best interest of

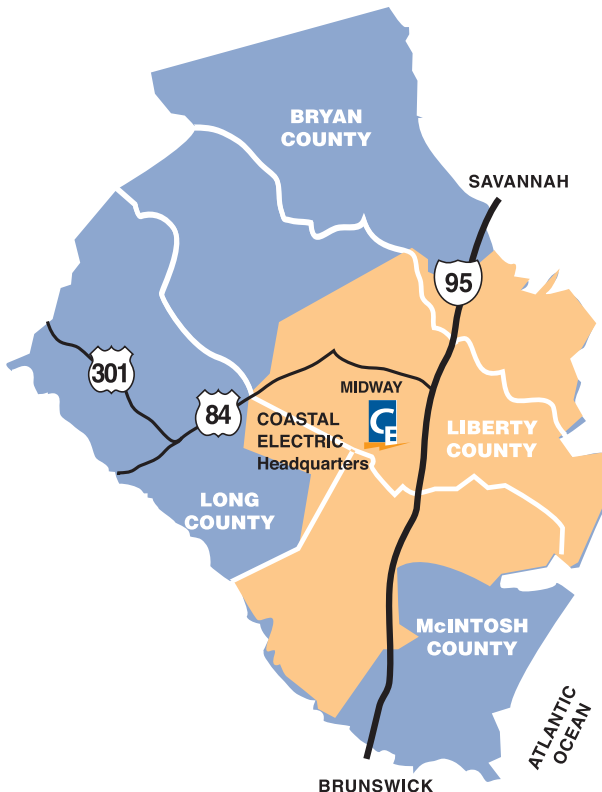


our members—because they are members themselves.

The board made crucial decisions in 2018, taking various challenges in stride and directing your electric cooperative toward a future of delivering excellent service while

keeping electricity a great value. No matter what opportunities lie ahead for 2019, our commitment to enhance the quality of life in our community will make the outstanding service our members have come to enjoy even better.

—F. Whit Hollowell Jr.,  
Executive Vice President/CEO



# Your Board of Directors



**Jack Waters**  
Liberty County  
President



**John Woods III**  
Liberty County  
Vice President



**Laura McGee**  
Bryan County  
Secretary/Treasurer



**W.L. Bland**  
McIntosh/Long counties



**Kyle Christiansen**  
Bryan County



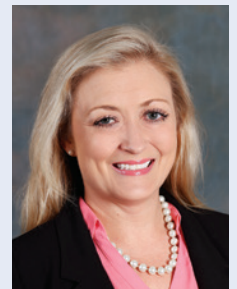
**Holly Fields**  
Liberty County



**John B. Kearns**  
McIntosh/Long counties



**Kenneth Luke**  
Bryan County



**Reagan Odom**  
McIntosh/Long counties



# 2018 highlights

**M**ost annual reviews highlight change—growth, accomplishments and challenges. Coastal Electric Cooperative has had our fair share of all three every year since our founding in 1940, and 2018 was no different.

But no matter what changes came our way in 2018 or what innovations we implemented to best prepare for a bright future, every decision we made centered not on changing but on staying the same. Not staying the same in method, activity or strategy, but in staying the same at the core. Staying who we are.

We embrace change as an opportunity, and cooperative principles make us who we are. Because we are a not-for-profit, community-owned

electric cooperative, integrity, accountability, innovation and commitment to community are the foundation of every service we provide.

## Surprises began early

Perhaps the most unique time of 2018 came just two days into the new year, as Gov. Nathan Deal declared a state of emergency in 28 counties—including Bryan, Liberty, Long and McIntosh—because of a winter storm warning. Freezing rain began to fall in the early-morning hours of Jan. 3 and quickly changed to snow. By 10 a.m., tree limbs weighted down with snow and ice began to crack and fall. By evening, approximately 9,500 members throughout our territory were without power.

Even though our employees don't work in icy conditions on a regular basis (January was the most snow the area has seen since 1982), they did what needed to be done. By the morning of Jan. 4, less than 24 hours after the precipitation began, our system was 100 percent restored.

Persevering through challenges—especially unfamiliar ones—makes us who we are.

We evaded some of our more-familiar chal-

Grew the co-op's solar energy capacity to

**430 kW**



lenges last year, as Hurricane Michael delivered only a glancing blow and not a direct hit. Our crews worked through the night Oct. 10 and into the next afternoon to restore the 5,100 members who lost power as a result of the storm.

Taking care of our members' need for electricity—that's a given, and it's part of who we are.

But what happened over the next two weeks was even more of a reflection of who we are. In varying shifts, 12 Coastal Electric Cooperative line-men traveled to help our fellow Georgia co-ops, Excelsior EMC (Metter), Sumter EMC (Americus) and Mitchell EMC (Camilla), who all sustained much greater damage.

When our employees heard about the hardships our counterparts at West Florida Electric Cooperative endured after Hurricane Michael, they showed their support by donating enough money and supplies to assemble care packages for every West Florida employee, complete with handwritten notes of encouragement.

Cooperatives helping cooperatives—it's part of who we are.

### Championing our community

There's nowhere we're more invested than in our own communities. We exist not only to provide electricity, but also to deliver it in a way that our members can count on. Two of the most prominent challenges to this mission over the past several years are population growth and storm damage. We've done our part to offer solutions to both, never missing a beat.

On Oct. 15, we began what has become the biggest construction project the co-op has undertaken in decades—converting the overhead main-feeder power line to underground along 4.5 miles of Hwy. 144 in south Bryan County. The Georgia Department of Transportation is widening the road to accommodate increased traffic flow because the community has grown rapidly, especially over the past decade.

The power-line conversion will increase service reliability and prevent outages caused by wind damage, vehicle accidents and falling trees. The project also includes communication conduit to accommodate the installation of fiber-optic cable, providing reliable communications to new smart



**3%** employee turnover ratio in 2018. Low employee turnover makes our organization stronger and saves on hiring costs.

grid equipment along the corridor.

The Hwy. 144 conversion is not the only overhead-to-underground project that kept Coastal Electric Cooperative crews busy in 2018. Several major system improvements were engineered and built last year, including a conversion project in Fancy Hall to prevent recurring outages and overhead-to-underground conversion along Contentment Bluff Road.



Delivering reliable power to residential members—it's part of who we are. We also go the extra mile for our business members.

When the Target distribution facility in Liberty County installed 48 40-ton air-conditioning units, it doubled their load requirements. Coastal Electric did our part to meet their changing needs, accommodating the upgrades with the equipment and setup to keep the power flowing to the facility.

But we are more than just an electricity provider. We invest in our communities and exist to make Coastal Georgia a great place to live.

In 2018, we actively supported the Science, Technology, Engineering, Art and Math (STEAM) pursuits of our local schools. From solar demonstrations to hands-on electric vehicle engineering to homopolar motors and even lessons from our own certified arborist, our employees volunteered in classrooms across our service territory on a regular basis.

Beyond the classroom, we brought local high schoolers in to work alongside Coastal Electric Cooperative professionals as part of our Learners Today, Leaders Tomorrow work-study program.



Not only did students gain valuable experience and a jump start on promising careers, but we also brought awareness of the varied career opportunities co-ops have to offer, investing in the future of the industry.

We even lent a hand to some nonhuman area residents, using old power poles to erect osprey nest platforms at the request of some local conservationists.


### Members have a voice

Partnering with others to enhance our members' quality of life—it's part of who we are. In fact, because we are owned and democratically controlled by members and for members, the people



**523,862,094** kilowatt-hours powered members' homes and businesses last year



**180+** lives saved  
through on-site blood drives

who pay their electric bills to Coastal Electric Cooperative have a say in how the co-op operates.

For the first time, Coastal Electric Cooperative offered early voting during a new Member Appreciation Week event, enabling members who couldn't attend the Annual Meeting to participate in the co-op's democratic process. More than 500 members took advantage of the opportunity to vote early, and more than 900 attended the co-op's 78th Annual Meeting the same week.

The ability to vote is not the only benefit of being a member of a cooperative like Coastal Electric. Because we are a not-for-profit, community-owned electric cooperative, we retire excess margins to our members in the form of capital credits. In December, we retired more than \$1.8 million to 6,283 members served between 1988 and 1991. To date, Coastal Electric Cooperative has paid more than \$6 million in capital credit retirements to current and former members.

We exist to serve our members. It's not just what we do—it's at the core of who we are.

Though the avenues to achieve that goal have changed since our founding in 1940 and will continue to change, the cooperative way will stay the same. It's who we are.



Almost **30** miles  
of underground power  
lines installed in 2018

Almost **1,500** members  
took advantage  
of Advance Pay  
in 2018



**678,883**  
kilowatt-hours of solar  
power generated



**543** voted early  
in first-ever Member  
Appreciation Week event

**108,000+**



member calls fielded in 2018 by



our member service  
representatives and our  
after-hours member  
response center

## 2018 Coastal Electric Cooperative Treasurer's Report

Financial statements for the fiscal year ending Dec. 31, 2018, reflect the sound status of Coastal Electric Cooperative. Each year, we retain the services of McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, to perform an audit of the cooperative's accounting records.

This audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. The figures in this report are from the audit and represent a summary of the auditor's complete report. Copies of the audit are on file at the cooperative's headquarters.

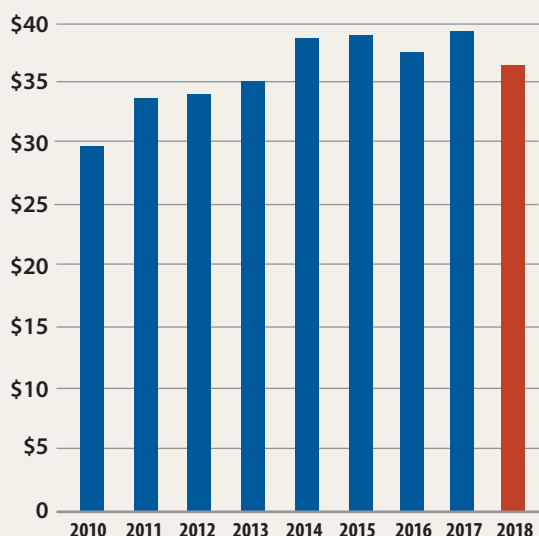
**Laura McGee**  
Secretary/Treasurer  
Coastal Electric Cooperative  
Board of Directors

## BALANCE SHEETS

Years Ended December 31, 2018 and 2017

ASSETS	2018	2017
<b>Utility Plant</b>		
Electric Plant in Service - At Cost	\$ 111,739,868	\$ 106,897,271
Construction Work in Progress	871,217	637,437
Gross Utility Plant	112,611,085	107,534,708
Accumulated Provision for Depreciation	(26,500,477)	(24,049,233)
	86,110,608	83,485,475
<b>Other Property and Investments</b>		
Investments in Associated Organizations	13,456,645	12,692,697
Restricted Funds	878,410	835,604
	14,335,055	13,528,301
<b>Current Assets</b>		
Cash and Cash Equivalents	11,434,531	4,762,226
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of \$647,005 in 2018 and \$464,109 in 2017)	1,024,294	1,527,410
Accrued Utility Revenues	3,911,090	3,936,440
Materials and Supplies	3,272,794	1,445,097
Other	83,875	130,156
	19,726,584	11,801,329
<b>Deferred Debits</b>	350,851	736,359
<b>Total Assets</b>	<b>\$ 120,523,098</b>	<b>\$ 109,551,464</b>

## Cost of Purchased Power (in millions)



Years Ended December 31, 2018 and 2017

MEMBERS' EQUITY AND LIABILITIES	2018	2017
<b>Members' Equity</b>		
Membership Fees	\$ 82,725	\$ 79,700
Patronage Capital	40,014,375	33,313,541
Other Equities	4,910,973	4,218,564
	45,008,073	37,611,805
<b>Long-Term Debt</b>	65,264,674	62,763,674
<b>Deferred Compensation</b>	436,583	454,829
<b>Current Liabilities</b>		
Current Maturities of Long-Term Debt	2,054,685	1,965,362
Accounts Payable	4,621,008	3,987,919
Consumer Deposits	1,189,550	1,114,855
Other	1,530,520	1,457,005
	9,395,763	8,525,141
<b>Deferred Credits</b>	418,005	196,015
<b>Total Members' Equity and Liabilities</b>	<b>\$ 120,523,098</b>	<b>\$ 109,551,464</b>

The complete financial annual report available upon request.

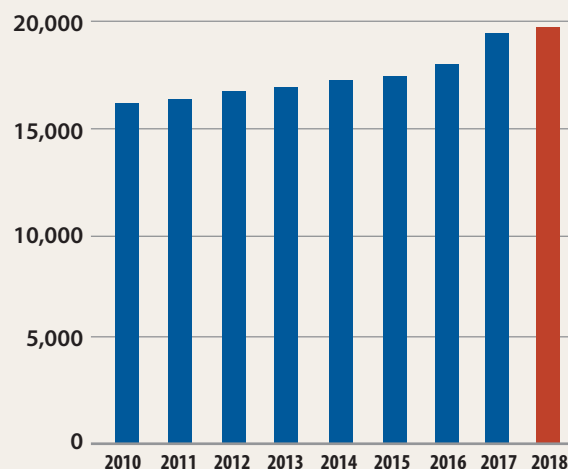


## STATEMENTS OF OPERATIONS

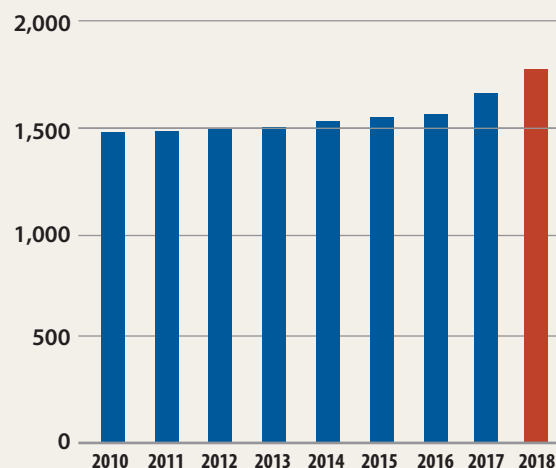
Years Ended December 31, 2018 and 2017

	2018	2017
<b>Operating Revenues</b>	\$ 59,808,743	\$ 57,290,219
<b>Operating Expenses</b>		
Cost of Power	36,572,440	39,835,336
Distribution Operations	2,485,164	2,183,191
Distribution Maintenance	1,408,566	1,316,218
Consumer Accounts	2,032,480	1,976,344
Consumer Service and Information	905,104	803,553
Administrative and General	2,761,087	2,421,868
Depreciation	3,521,201	3,364,713
	49,686,042	51,901,223
<b>Operating Margins Before Interest Expense</b>	10,122,701	5,388,996
<b>Interest Expense</b>	2,459,945	2,492,379
<b>Operating Margins After Interest Expense</b>	7,662,756	2,896,617
<b>Nonoperating Margins</b>	94,972	49,436
<b>Generation and Transmission Cooperative Capital Credits</b>	729,920	686,551
<b>Other Capital Credits and Patronage Capital Allocations</b>	117,775	86,573
<b>Net Margins</b>	\$ 8,605,423	\$ 3,719,177

## Growth in Meters



## Miles of Line



## STATEMENT OF CHANGES IN MEMBERS' EQUITY

Years Ended December 31, 2018 and 2017

	Total Members' Equity	Membership Fees	Patronage Capital	Other Equities
<b>Balance - December 31, 2016</b>	\$ 34,370,542	\$ 76,470	\$ 30,355,460	\$ 3,938,612
Net Margins	3,719,177	-	3,669,831	49,346
Membership Fees	3,230	3,230	-	-
Retirement of Patronage Capital	(711,750)	-	(711,750)	-
Retired Capital Credit Gains	230,606	-	-	230,606
<b>Balance - December 31, 2017</b>	37,611,805	79,700	33,313,541	4,218,564
Net Margins	8,605,423	-	8,510,451	94,972
Membership Fees	3,025	3,025	-	-
Retirement of Patronage Capital	(1,809,617)	-	(1,809,617)	-
Retired Capital Credit Gains	597,437	-	-	597,437
<b>Balance - December 31, 2018</b>	\$ 45,008,073	\$ 82,725	\$ 40,014,375	\$ 4,910,973



938

attended the co-op's

78<sup>th</sup>

Annual Meeting of the  
Members June 7 at  
Midway Middle School

## 2018 Coastal Electric Cooperative

### Foundation Treasurer's Report

Financial statements for the fiscal year ending Dec. 31, 2018,, reflect the sound status of the Coastal Electric Cooperative Foundation. Each year, McNair, McLemore, Middlebrooks & Co., LLP, Certified Public Accountants, performs an audit of the foundation's accounting records.

This audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. The figures in this report, which are displayed on this page, are from the audit and represent a summary of the auditor's complete report. Copies of the audit are on file at the cooperative's headquarters.

#### Runette Parker

Treasurer

Coastal Electric Cooperative Foundation



## 2018 Coastal Electric Cooperative Foundation grants awarded

#### Bright Ideas Winners

Richmond Hill Middle School	\$	2,125.00
McAllister Elementary School		1,985.14
McIntosh County Academy		1,960.80
McAllister Elementary School		1,959.94
McAllister Elementary School		1,959.40
Liberty Elementary School		1,925.00
Richmond Hill Middle School		1,898.42
Richmond Hill Middle School		1,799.96
Lyman Hall Elementary		1,779.95
Liberty Elementary School		1,675.00
Midway Middle School		1,437.88
Richmond Hill Primary		1,352.24
Richmond Hill Elementary		1,110.08
McIntosh County Academy		906.41
McIntosh County Academy		885.54
George Washington Carver Elementary		405.00
McAllister Elementary School		322.24
	<b>\$</b>	<b>25,488.00</b>

#### Foundation Scholarship Winners (\$5,000 each)

Julia Mazel	\$	5,000.00
Andrew Purcell		5,000.00
Madison Buckley		5,000.00
Mary Barnes		5,000.00
Anna Vu		5,000.00
Mackenzie Fair		5,000.00
	<b>\$</b>	<b>30,000.00</b>

#### Other Grants

(5) Roof repairs	\$	7,231.17
Hurricane Michael relief grants		6,000.00
McIntosh County Academy		5,460.86
Family Promise of Bryan County		2,670.00
(2) Wheelchair ramp/porch repairs		2,120.00
Liberty County Board of Education		2,000.00
	<b>\$</b>	<b>25,482.03</b>

**\$25,000+**

awarded in  
community  
service grants in



**2018**

## 2018 Coastal Electric Cooperative

### Foundation

### Board of Directors

#### Bryan County

Debra Hennessee  
Runette Parker  
Constance Riggins

#### Liberty County

Donna Popour  
Barbara Smith  
Gabelyn Stevens

#### McIntosh County

Jerry Adkins  
Eric Grissino  
Thomas E. Wallace

## STATEMENTS OF FINANCIAL POSITION

Years Ended December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash	\$ 193,560	\$ 206,931
Temporary Cash Investments	109,143	88,629
Contributions Receivable	5,852	5,578
Interest Receivable	13	10
<b>Total Assets</b>	<b>\$ 308,568</b>	<b>\$ 301,148</b>
<b>NET ASSETS</b>		
Net Assets Without Donor Restriction	\$ 288,568	\$ 281,148
Net Assets With Donor Restrictions	20,000	20,000
<b>Total Net Assets</b>	<b>\$ 308,568</b>	<b>\$ 301,148</b>

Notes, which are an integral part of this financial statement, are on file at the cooperative's headquarters.

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2018 and 2017

	2018	2017
<b>Change in Net Assets Without Donor Restrictions</b>		
<b>Revenue and Support</b>		
Contributions	\$ 73,294	\$ 164,745
Assets Released from Restriction	20,000	20,000
Contributed Services	5,477	12,331
Interest Income	696	105
	99,467	197,181
<b>Expenses</b>		
<b>Program Services</b>		
Specific Assistance to Individuals	46,439	48,841
Assistance to Other Agencies	10,131	65,195
Scholarships	30,000	30,000
<b>Supporting Services</b>		
Administrative and General	5,477	12,331
	92,047	156,367
<b>Change in Net Assets Without Donor Restrictions</b>	7,420	40,814
<b>Net Assets With Donor Restrictions</b>		
Grants	20,000	20,000
Assets Released from Restrictions	(20,000)	(20,000)
<b>Change in Net Assets With Donor Restrictions</b>	-	-
<b>Change in Net Assets</b>	7,420	40,814
<b>Net Assets, Beginning</b>	301,148	260,334
<b>Net Assets, Ending</b>	\$ 308,568	\$ 301,148

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Contributions Received	\$ 93,020	\$ 184,410
Donations Paid	(86,570)	(144,036)
Interest Received	179	14
	6,629	40,388
<b>Cash Flows from Investing Activities</b>		
Purchased Certificate of Deposit	(20,000)	-
<b>Net Increase (Decrease) in Cash</b>	(13,371)	40,388
<b>Cash, Beginning</b>	206,931	166,543
<b>Cash, Ending</b>	\$ 193,560	\$ 206,931
<b>Reconciliation of the Change in Net Assets to Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 7,420	\$ 40,814
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
<b>Change In</b>		
Temporary Cash Investments	(514)	(88)
Contributions Receivable	(274)	(336)
Interest Receivable	(3)	(2)
<b>Cash Flows from Operating Activities</b>	\$ 6,629	\$ 40,388



**\$285,000+**

awarded to local educators,  
funding more than

**244**

projects benefiting more than

**40,000**

students since Bright Ideas began



Almost

**150**

local students  
sponsored as  
Washington  
Youth Tour  
delegates since

**1981**



**\$35,000+**

in scholarships awarded to  
local students in

**2018**

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